

## Message Text

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ACTION EUR-12

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FM AMEMBASSY DUBLIN

TO SECSTATE WASHDC 7220

INFO AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

UNCLAS DUBLIN 1732

1. SUMMARY: TALKS BETWEEN THE IRISH CONGRESS OF TRADE UNIONS (ICTU) AND THE FEDERATED UNION OF EMPLOYERS (FUE) WHICH HAVE BEEN GOING ON QUIETLY SINCE MID-SUMMER TOOK A DRAMATIC TURN LAST NIGHT WHEN THE GOVERNMENT ANNOUNCED IT COULD NOT ACCEPT THE PROPOSED AGREEMENT BETWEEN THE TWO. IT APPEARS THAT THE ICTU IS WILLING TO PUSH THINGS TO THE BRINK, AND IRISH PRIME MINISTER COSGRAVE HAS ANNOUNCED THAT HE IS RECALLING THE PARLIAMENT TO LEGISLATE A SETTLEMENT. MEANWHILE A STRIKE IS THREATENED FOR NEXT MONDAY BY DUBLIN CORPORATION EMPLOYEES WHICH COULD PARALYZE THE CITY. HOWEVER, SINCE A REAL CONFRONTATION WOULD PUT INTOLERABLE STRAINS ON THE GOVERNMENT COALITION IT APPEARS LIKELY THAT SOME KIND OF FACE-SAVING COMPROMISE WILL BE REACHED. END SUMMARY.

2. THE BACKGROUND OF THIS DISPUTE IS COMPLICATED. AT GOVERNMENT URGING THE ICTU AND FUE UNDERTOOK TO REVISE THE NATIONAL WAGE AGREEMENT WHICH HAD ALREADY BEEN CONCLUDED FOR 1975. THE  
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REASON FOR REVISION WAS THE VERY SERIOUS INFLATION AND UNEMPLOYMENT SITUATIONS. FOR ITS PART THE GOVERNMENT AGREED

TO STEM INFLATION, AT LEAST FOR THE THIRD QUARTER, BY HEAVY SUBSIDIES ON FOOD. IN RETURN FOR THIS THE ICTU WAS TO GIVE UP ITS RIGHT TO A 4 PERCENT WAGE HIKE IN THE THIRD QUARTER AND I INSTEAD

AGREE TO INDEX ANY WAGE HIKE TO THE CONSUMER PRICE INDEX (CPI) FOR THE BALANCE OF THE WAGE AGREEMENT. ONLY TWO WEEKS AGO THE ICTU GENERAL SECRETARY RUADHRI ROBERTS TOLD AN EMBOFF THAT THERE WOULD BE NO PROBLEMS AT ALL IN REACHING AN AGREE-  
MENT. THE ICTU WAS SHOWING REMARKABLE RESTRAINT AND RESPONSIBILITY. HOWEVER, WHEN IT BECAME APPARENT LAST WEEK THAT THE CPI WOULD SHOW A STARTLING .8 PERCENT DECREASE FOR THE QUARTER THE EMPLOYERS NATURALLY WERE QUITE ENTHUSIASTIC FOR THE REVISION OF THE NATIONAL WAGE AGREEMENT AS IT WOULD PRECLUDE ANY WAGE INCREASE AT LEAST FOR THE THIRD QUARTER. HOWEVER, THE ICTU BEGAN TO REALIZE IT HAD GIVEN VERY MUCH AND GOTTEN NOTHING IN RETURN; THEREFORE IT DECIDED TO MAKE ITS AGREEMENT ON INDEXING CONDITIONAL ON THE GOVERNMENT GIVING UP ITS RECENTLY IMPOSTED BAN ON "SPECIAL PAY INCREASES." THE GOVERNMENT HAS BEEN VERY TOUGH ON THESE "SPECIAL" INCREASES, ALLOWED FOR IN THE ORIGINAL NWA, BECAUSE IT WOULD BE MOSTLY GOVERNMENT EMPLOYEES WHO WOULD GET THE SPECIAL INCREASES, TORPEDOING THE ALREADY-STRAINED BUDGET AND FURTHER FUELING INFLATION.

3. COSGRAVE SENT A BLUNT ULTIMATUM TO THE ICTU AND FUE YESTERDAY, PRIOR TO SCHEDULED NEGOTIATING SESSION, SAYING IN EFFECT THAT THEY MUST SIT DOWN AND REVISE THE PAY INDEXING PART OF THE AGREEMENT AND NOT MEDDLE WITH SPECIAL PAY INCREASES, OTHERWISE THE PARLIAMENT WOULD BE RECALLED FROM VACATION TO PASS "EMERGENCY" LEGISLATION. AFTER THIS NEGOTIATIONS BROKE DOWN COMPLETELY, AND ROBERTS SAID THAT AS FAR AS HE WAS CONCERNED THE ORIGINAL AGREEMENT WAS STILL IN EFFECT AND THAT UNION WHICH WANTED TO GO FOR A 4 PERCENT WAGE RISE WOULD BE PERFECTLY JUSTIFIED IN DOING SO.

4. THE SEWERAGE, FIRE AND WATER SERVICES EMPLOYEES OF THE CITY OF DUBLIN HAVE BEEN THREATENING A STRIKE FOR SOME TIME, COMPLAINING THAT THEY ARE ENTITLED TO A "SPECIAL" PAY INCREASE  
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BECAUSE OF  
PRODUCTIVITYINCREASES. THEIR STRIKE HAS BEEN  
POSTPONED PENDING THE OUTCOME OF THE RENEGOTIATIONS, BUT  
NOW THEY ARE THREATENING TO GO OUT NEXT MONDAY.

COMMENT: ALTHOUGH THERE IS APPARENTLY A LOT OF FIRE AND AND FURY IN THIS DISPUTE, IT DOES NOT SEEM LIKELY THAT IT WILL GO ALL THE WAY TO THE CRUNCH. THE GOVERNMENT IS A COALITION OF LABOR AND FINE GAEIL, AND ALTHOUGH COSGRAVE COULD PROBABLY HOLD HIS TROOPS IN LINE FOR A WHILE, SUCH

A MAJOR CONFRONTATION WITH THE ICTU WOULD PUT DIFFICULT STRAINS ON THE COALITION. THEREFORE, ALTHOUGH TALKING TOUGH, THE GOVERNMENT IS REALLY NOT IN A STRONG POSITION AND ROBERTS KNOWS IT. THE MOST LIKELY OUTCOME WILL BE SOME KIND OF FACE-SAVING COMPROMISE, BUT WE HESITATE TO PREDICT AS WE ARE DEALING WITH TWO STUBBORN ENTITIES.  
CURLEY

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